

# CITY OF SWANVILLE

## POLICY

Subject: JOBZ Business Subsidy Policy

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Date Council Approved: June 8, 2004

Location in Minutes: Resolution 2004-

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### Introduction

This Policy is adopted in compliance with Minnesota Statute 116J.994 Subdivision 2 and for purposes of accomplishing the following on behalf of the City of Swanville for our community:

- ✓ Enhance economic growth;
- ✓ Create high quality job growth
- ✓ Retain high quality jobs; and
- ✓ Stabilize our community.

### Policy

The City will focus its business subsidy assistance to businesses, which demonstrate a clear and ongoing commitment to the community by providing living wage jobs to their employees by giving priority to those businesses over businesses that have not traditionally paid living wages. The City will focus its business subsidy assistance only to businesses which agree to comply with annual business subsidy reporting requirements as required by Job Opportunity Building Zone (JOBZ), Minnesota Statute 469.310 – 469.320; and/or as required by the Business Subsidy, Minnesota Statute 116J.993 – 116J.995.

### Definitions

**Authorized Business Subsidy Signatory:** Means the Mayor who is authorized to execute business subsidy agreements on behalf of the City Council of the City of Swanville.

**JOBZ Business Subsidy or JOBZ:** Means the tax exemptions or tax credits available to a qualified business located in a job zone under the Job Opportunity Building Zone (JOBZ) Minnesota Statute 469.310 – 469.320.

**Business Subsidy:** Means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business, and as defined by the Business Subsidy statute, Minnesota Statute 116J.993 – 116J.995.

Jobz business subsidy does not include the following

- 1 Assistance of less than \$25,000;

2. Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of businesses, size, location or similar general criteria;
3. Public improvements to buildings or land owned by the City that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. Property polluted by contaminants being redeveloped as defined in Minnesota Statute 116J.552, Subdivision 3;
5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, and assistance to designated historic preservation sites or districts, provided that the assistance is equal to or less than 50% of the total cost of the development;
6. Assistance to provide job readiness and training services;
7. Assistance for housing
8. Assistance for pollution control or abatement, including assistance from tax increment financing hazardous substances sub-district;
9. Assistance for energy conservation;
10. Tax reductions resulting from conformity with federal tax law;
11. Workers compensation and unemployment compensation;
12. Benefits derived from regulations;
13. Indirect benefits derived from assistance to educational institutions;
14. Funds from bonds allocated under Minnesota Statute Chapter 47A refunding bonds and 501(c)3 bonds;
15. Assistance for collaboration between a Minnesota education institution and a business;

16. Assistance from a tax increment financing soils condition district as defined under Minnesota Statute 469.174, Subdivision 19;

17. Redevelopment when the recipients or qualified business' investment in the purchase of the site and in site preparation is 70% or more of the assessor's current year's estimated market value;

18. General changes in tax increment financing law and other general tax law changes of a principally technical nature;

19. Federal assistance until the assistance has been repaid to and reinvested by the local governmental unit;

20. Business loans or loan guarantees of \$75,000.00 or less; and

21. Federal loan funds provided through the United States Economic Development Administration.

Business Subsidy Report:

Means the annual report submitted by the City to comply with Minnesota Statute 116J.004, Subdivision 7(b).

Criteria

Means the equitably applied, uniform standards by which the City bases its decision to award any business subsidy to a private business or development project establishing a business and creating jobs in the City.

Economic Development Agent

Means the City Clerk or designee that is empowered to solicit, negotiate and form business subsidy agreements on behalf of the City Council of the City of Swanville.

Health Insurance

Means basic health insurance, which shall include: employer subsidized individual coverage and/or family coverage.

Living Wage Job

Means a full time job or a combination of part time jobs paying an aggregate of 2040 hours per year with starting wages and benefits including health benefits, after not more than a six month probationary/training period, that totals at least the rate of 106.5% of the "very low-income" level for a family of three in Morrison County as defined by the most current US Department of Housing and Urban Development's "Transmittal of Fiscal Year (FY)

200\_ Income Limits for the Public Housing and Section 8 Programs," form, HUD 21B.

Qualified Business:	Means a person that carries on a trade or business at a place of business located within a Job Opportunity Building Zone as referenced in Minnesota Statute 469.310 Subdivision 11; and complies with the reporting requirements specified by Minnesota Statute 469.313 Subdivision 2(5); and provides health insurance; and shall also mean "recipient" as defined by Business Subsidy law. A qualified business shall not include a retail business, a low-wage service business, an agricultural production business, or a business that pays less than the living wage defined in this policy.
Recipient:	Means any business entity that receives a business subsidy as defined by Minnesota Statute 116J.993, and that has signed a business subsidy agreement with the City.
Relocating Business:	Means a business relocated from another Minnesota non-JOBZ zone location.
Relocation Agreement:	Means a binding written agreement between a relocating qualified business and the Commissioner of the Minnesota Department of Employment and Economic Development pledging that the qualified business will either: (a) increase full-time or full-time equivalent employment in the first full year of operation within the job opportunity building zone by at least 20 percent; or (b) make a capital investment on the property equivalent to 10% of the gross revenues of operation that was relocated in the immediately preceding taxable year; and provides for repayment of all tax benefits if the requirements of (a) or (b) are not met.
Subzone	Means the parcel or parcels of land designated by the Commissioner of the Minnesota Department of Employment and Economic Development in a Job Opportunity Building Zone within the boundaries of the City to receive certain tax credits and exemptions specified under Minnesota Statute 469.310 – 469.320.
Zone	Means a Job Opportunity Building Zone or an Agricultural Processing Facility Zone designated by the Commissioner of the Minnesota Department of Employment and Economic Development under Minnesota Statute 469.314.

### JOBZ Business Subsidy Requirements

A. Any time the City provides a Jobz business subsidy to a Qualified Business or Recipient, that business is subject to the wage goals, job goals and other criteria set forth in this policy. In the event of a conflict between the requirements of the Business Subsidy statute, Minnesota Statute 116J.993 – 116J.995 and the JOBZ statute, Minnesota Statute 469.310 – 469.320, the JOBZ statute shall control.

B. The Qualified Business, must create and retain for the period of the JOBZ duration or until December 31, 2015, whichever is shorter, a negotiated number of jobs that pay a living wage; and which provide employer subsidized health insurance. These jobs shall be created not later than twenty-four months after a Business Subsidy Agreement has been signed with the Qualified Business.

C. The City may deviate from wage and job criteria in this policy by documenting the reason in writing for the deviation and attaching a copy of this reason to the next annual Business Subsidy Report submitted to the Minnesota Department of Employment and Economic Development.

D. The City shall require all businesses receiving a Jobz Business Subsidy to comply with the following:

1. Attend a properly noticed public hearing, which shall be held by the City as provided by Minnesota Statute. The purpose of the hearing shall be to identify and define the Criteria that the Qualified Business or Recipient will meet in order to be eligible to received a JOBZ Business Subsidy or become a Qualified Business for purposes of the JOBZ statute. The public hearing shall specify the subsidy provided; public purpose(s) that shall be achieved by offering the subsidy; and shall specify the measurable, specific, and tangible goals committed to by the Qualified Business. As provided by Minnesota Statute 116J.994, Subdivision 5, a public notice shall be published in print, and if possible on the internet, at least ten (10) days prior to the public hearing, identifying the location, date, time, and place of the hearing; and providing information about the JOBZ Business Subsidy proposed, including a summary of the terms of the subsidy.

2. Agree to continue to operate in the City, (i.e. the Sub-zone) for the duration of the JOBZ term.

3. If the Qualified Business or Recipient is a relocating business under the definition in this policy, the business shall be required to enter into a binding written "Relocation Agreement between the Qualified Business and the Commissioner of the Minnesota Department Employment and Economic

Development” pledging that the Qualified Business relocating will:

- a. increase full-time or full-time equivalent employment in the first full year of operations within the JOBZ by at least 20%; or
- b. make a capital investment on the property equivalent to 10% of the gross revenues of operation that was relocated in the immediately preceding taxable year; and
- c. provides for repayment of all tax benefits if the requirements of (a) or (b) above are not met.

E. When approved, the Applicant will be required to pay an annual JOBZ participation fee to the City of Swanville equal to 0.5% of their annual payroll on qualifying JOBZ activities, with a minimum of \$500.00 and a maximum of \$10,000 per year.